

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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ANNUAL AUDITED REPORT



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FORM 249-5

PART III

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

SEC FILE NUMBER

8-52959

REPORT FOR THE PERIOD BEGINNING 6/25/01 AND ENDING 12/31/01
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Harris Financial Services, LLC

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

6400 Fairview Rd

(No. and Street)

Charlotte, NC 28210

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Dixon Odum PLLC

(Name - if individual, state last, first, middle name)

1829 Eastchester Drive

(Address)

High Point

(City)

NC

(State)

27061

(Zip Code)

CHECK ONE:

☒ Certified Public Accountant

☐ Public Accountant

☐ Accountant not resident in United States or any of its possessions.

PROCESSED

APR 01 2002

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THOMSON
FINANCIAL

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (05-01)

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3/28

HARRIS FINANCIAL SERVICES, LLC

***FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION***

December 31, 2001

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DIXON ODOM PLLC

Certified Public Accountants and Consultants

INDEPENDENT AUDITORS' REPORT

To the Members
Harris Financial Services, LLC
Charlotte, North Carolina

We have audited the accompanying statement of financial condition of Harris Financial Services, LLC as of December 31, 2001 and the related statements of operations, cash flows and changes in members' equity for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Harris Financial Services, LLC as of December 31, 2001 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Dixon Odom PLLC

January 31, 2002

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accounting firms throughout the world.

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Suite 516

Charlotte, NC 28211-3563

704-364-5414, Fax 704-364-8422

HARRIS FINANCIAL SERVICES, LLC
STATEMENT OF FINANCIAL CONDITION
December 31, 2001

ASSETS

| | |
|------|------------------|
| Cash | \$ <u>73,344</u> |
|------|------------------|

MEMBERS' EQUITY

| | |
|-----------------|------------------|
| Members' Equity | \$ <u>73,344</u> |
|-----------------|------------------|

HARRIS FINANCIAL SERVICES, LLC
STATEMENT OF OPERATIONS
Year Ended December 31, 2001

| | | |
|-------------------|----|---------------|
| COMMISSION INCOME | \$ | 28,280 |
| EXPENSES | | |
| Professional fees | | 3,965 |
| Other expenses | | <u>1,950</u> |
| | | <u>5,915</u> |
| NET INCOME | \$ | <u>22,365</u> |

HARRIS FINANCIAL SERVICES, LLC
STATEMENT OF CASH FLOWS
Year Ended December 31, 2001

CASH FLOWS FROM OPERATING ACTIVITIES

Net income \$ 22,365

NET CASH PROVIDED BY
OPERATING ACTIVITIES 22,365

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from capital contributions 35,000

NET CASH PROVIDED BY
FINANCING ACTIVITIES 35,000

NET INCREASE IN CASH 57,365

CASH, beginning of year 15,979

CASH, end of year \$ 73,344

HARRIS FINANCIAL SERVICES, LLC
STATEMENT OF MEMBERS' EQUITY
Year Ended December 31, 2001

| | |
|----------------------------|------------------|
| BALANCE, December 31, 2000 | \$ 15,979 |
| Contributions | 35,000 |
| Net income | <u>22,365</u> |
| BALANCE, December 31, 2001 | <u>\$ 73,344</u> |

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Harris Financial Services, LLC (the Company) is a broker-dealer registered with the Securities and Exchange Commission (SEC). The Company is a North Carolina Corporation that is a wholly-owned subsidiary of Cameron M. Harris & Company.

The Company has been organized as a Limited Liability Company. Under this form of organization, the members are not liable for the debts of the Company.

Taxes on Income

The Company is treated as a partnership for federal income tax purposes and does not incur income taxes. All tax effects of the Company's income or loss are passed through to the individual members.

Revenue Recognition

Commission income is recorded on a trade-date basis as securities transactions occur.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B – NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2001 the Company had net capital of \$73,344 and no indebtedness to net capital.

SUPPLEMENTARY INFORMATION



DIXON ODOM PLLC

Certified Public Accountants and Consultants

INDEPENDENT AUDITORS' REPORT ON THE SUPPLEMENTARY INFORMATION

To the Members
Harris Financial Services, LLC
Charlotte, North Carolina

Our report on our audits of the basic financial statements of Harris Financial Services, LLC for the year ended December 31, 2001 appears on page 1. That audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information on page 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

Dixon Odom PLLC

January 31, 2002

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HARRIS FINANCIAL SERVICES, LLC
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1
OF THE SECURITIES AND EXCHANGE COMMISSION
Year Ended December 31, 2001

NET CAPITAL

| | |
|----------------------------|---------------|
| Ownership Equity | |
| Capital account | \$ 60,000 |
| Additional paid in capital | - |
| Retained earnings | 13,344 |
| Net profit/loss | - |
| | <hr/> |
| TOTAL OWNERSHIP EQUITY | <u>73,344</u> |

| | |
|--|---------------|
| Non-Allowable Assets | |
| Fixed assets/security deposit | - |
| Prepaid expenses - taxes/insurance/postage | - |
| Petty cash | - |
| CRD deposit | - |
| | <hr/> |
| TOTAL NON-ALLOWABLE ASSETS | <u>-</u> |
| | <hr/> |
| TENTATIVE NET CAPITAL | <u>73,344</u> |

| | |
|-------------------|------------------|
| Haircuts | |
| Short securities | - |
| Long securities | - |
| | <hr/> |
| | <hr/> |
| TOTAL NET CAPITAL | <u>\$ 73,344</u> |

AGGREGATE INDEBTEDNESS

| | |
|----------------------------------|------|
| Items of Aggregated Indebtedness | \$ - |
|----------------------------------|------|

REQUIRED NET CAPITAL

| | |
|-------------------------------------|----------|
| NASD required NC (6.67% Aggr. Ind.) | |
| or \$5,000 whichever is greater | \$ 5,000 |
| SEC Rule 17a-11 (120% Req'd. NC) | \$ 6,000 |
| | <hr/> |
| TOTAL NET CAPITAL | \$ 5,000 |

EXCESS NET CAPITAL

| | |
|----------------------|------------------|
| Net Capital | \$ 73,344 |
| Required Net Capital | <u>5,000</u> |
| | <hr/> |
| EXCESS NET CAPITAL | <u>\$ 68,344</u> |

AGGREGATE INDEBTEDNESS/NET CAPITAL

| | |
|------------------------|--------|
| Aggregate Indebtedness | \$ - |
| Net Capital | 73,344 |
| Ratio AE/NC | 0:1 |

No material differences exist between the audited computation above and Harris Financial Services, LLC's unaudited filing of Part IIA for the FOCUS report.